

# HHS Budget Makes Smart Investments, Protects the Health and Safety of America's Families

U.S. Department of Health and Human Services (HHS) Secretary Kathleen Sebelius today highlighted critical investments in President Obama's 2011 HHS budget that will protect the health and safety of America's families.

"Under this budget, we will provide the health and human services that Americans depend on more effectively, slashing waste and focusing programs on results. And we'll make many of the necessary investments our country has been putting off for years, including investments in fighting health care fraud, strengthening our public health infrastructure, and getting serious about health and wellness," said Sebelius. "This budget is a big step toward a healthier, stronger America."

The President's budget helps build the foundation for health insurance reform. The budget strengthens the health care system and improves access to care by investing \$995 million to address the shortage of health care providers in underserved areas, increasing funding to expand services at Health Centers by \$290 million and allocating nearly \$80 million for work to spread the adoption and use of health information technology.

The budget also makes landmark investments to fight health care fraud and requests \$1.7 billion for fraud fighting at HHS, including \$561 million in Health Care Fraud and Abuse Control (HCFAC) discretionary funding, an increase of \$250 million over the FY 2010 enacted level. Estimates indicate that these investments will generate \$9.9 billion in savings from increased recoveries and prevention efforts. In addition, the Budget proposes legislative and administrative changes that will save \$14.7 billion in Medicare and Medicaid over ten years.

To support families with young children, the budget invests a total of \$6.6 billion in the Child Care and Development Fund, an increase of \$1.6 billion, and invests in reforms to make Head Start and Early Head Start stronger. And because many families are caring for young children and elderly relatives, the budget provides an additional \$102.5 million for a new Caregiver initiative that will increase services including training for caregivers and assistance for elderly individuals and their families so seniors can remain in their homes longer.

The budget also helps protect families from disease and illness and improves public health, by investing \$1.4 billion to transform the food safety system and help prevent food borne illness. Other important investments to stop diseases before they start include \$954 million to help prevent smoking and tobacco use and \$20 million for a new initiative in CDC to help prevent chronic disease.

Additionally, the budget builds on the President's commitment to invest in science and research by increasing funding for the National Institutes of Health by \$1 billion to support innovative projects from basic to clinical research.

"There is no question that the hard-working people of this country have been tested over the last few years," added Sebelius. "In his State of the Union Address, President Obama urged Americans to rise to the challenges posed by our current difficulties, and pledged that as a country we would face these challenges together. I believe this budget lives up to that commitment."

Overall, President Obama's budget includes a total of \$911 billion for HHS in Fiscal Year 2011. For more information on the budget, visit [www.hhs.gov/budget](http://www.hhs.gov/budget). Highlights from the budget are included below:

## **REDUCING HEALTH FRAUD**

Enhancing Medicare and Medicaid Program Integrity: Reducing fraud, waste, and abuse in government spending is a top priority for the President. The Budget includes \$561 million in discretionary resources, an increase of \$250 million, to strengthen Medicare and Medicaid program integrity activities, with a particular emphasis on fighting health care fraud in the field, increasing Medicaid audits, and strengthening program oversight while reducing costs.

This investment, as part of a multi-year effort, will augment existing resources for combating health care fraud and abuse and save \$9.9 billion over ten years. The additional funding will better equip the Federal government to minimize inappropriate payments, pinpoint potential weaknesses in program integrity oversight, target emerging fraud schemes by provider and type of service, and establish safeguards to correct programmatic vulnerabilities.

The Budget also includes a set of new program integrity proposals that will give HHS the necessary tools to fight fraud by enhancing provider enrollment scrutiny, increasing claims oversight, improving Medicare's data analysis capabilities, and reducing over-

utilization of Medicaid prescription drugs. These proposals will save approximately \$14.7 billion over 10 years.

## **IMPROVING QUALITY OF AND ACCESS TO HEALTH CARE**

**Health Insurance Reform:** Congress is focused on health insurance reform to provide security and stability for Americans with health insurance and expand coverage to those Americans who do not have insurance. These reforms will improve the quality of care, lower costs for families and businesses, and help reduce the Nation's deficit.

**Strengthening the Centers for Medicare and Medicaid Services (CMS):** The Budget includes \$3.6 billion, an increase of \$186 million. The request is necessary to meet current administrative workload demands from recent legislative requirements and continuous beneficiary growth. The request provides targeted investments to revamp information technology (IT) systems and optimize staffing levels so that CMS can meet the future challenges of the Medicare and Medicaid programs and can be an active purchaser of high quality and efficient care.

Specifically, \$110 million of CMS' increase is for a new, comprehensive Health Care Data Improvement Initiative to transform CMS's data environment from one focused primarily on claims processing to one also focused on state-of-the art data analysis and information sharing. These changes are vital to modernizing the Medicare and Medicaid programs by making CMS a leader in value based purchasing, improving systems security, and increasing analytic capabilities and data sharing with key stakeholders.

**Increasing Child Health Care Access:** Additional resources distributed to States and Territories after the enactment of the Children's Health Insurance Program Reauthorization Act of 2009 resulted in 38 percent of States expanding or improving child health coverage in FY 2009. Forty seven States now cover children in families with incomes at or above 200 percent of the Federal poverty guidelines. In September of 2009, CMS awarded \$40 million in grants to assist in enrolling the over 5 million children who are uninsured but eligible for either Medicaid or the Children's Health Insurance Program.

**Strengthening the Health Professions Workforce:** The Budget includes \$995 million, an increase of \$33 million, to address the shortage of health care providers in underserved areas. This funding will expand loan repayment programs for physicians, nurses, and dentists who agree to practice in medically underserved areas. This funding will also enable nursing schools to expand their nursing student capacity, and it will provide for

workforce development grants that will enable States to increase access to oral health care.

**Expanding Health Centers:** The Administration remains committed to building on Recovery Act investments and ensuring quality access to health centers. The Budget includes an increase of \$290 million for further expansions of health center services, including the creation of 25 new access points in communities without access to a health center, and will facilitate the integration of behavioral health into the existing health centers' primary care system. With this increased funding, health centers will be able to serve a total of more than 20 million patients in FY 2011.

**Improving Health Outcomes of American Indian and Alaska Natives:** The President is committed to improving health outcomes for American Indian and Alaska Native communities and supporting the provision of health care for American Indians and Alaska Natives. The Budget includes nearly \$5.4 billion, an increase of \$354 million, that will enable the Indian Health Service (IHS) to focus on reducing health disparities, supporting Tribal efforts to deliver quality care, ensuring that IHS services can be supplemented by care purchased outside the Indian health system where necessary, and funding health facility and medical equipment upgrades. These investments will ensure continued improvement to support the Administration's goal of significantly reducing health disparities for American Indians and Alaska Natives.

**Enhancing Health Information Technology (Health IT):** The Budget includes \$78 million, an increase of \$17 million, for the Office of the National Coordinator for Health Information Technology (ONC) to advance the President's health IT initiative by accelerating health IT adoption and electronic health records (EHRs) utilization as essential tools to modernizing the health care system. The increase will enable ONC to lead and coordinate Federal health IT efforts while implementing and evaluating Recovery Act health IT programs.

The Recovery Act also established Medicare and Medicaid health IT incentive programs to provide an estimated \$20.6 billion over 10 years for the adoption and meaningful use of EHRs. In FY 2011, these programs begin providing incentive payments to eligible providers. The use of EHRs will improve the reporting of clinical quality measures and will promote health care quality, efficiency, and patient safety.

**Protecting Access to Medicaid for Low-Income Families:** To continue to fulfill the President's commitment to ensuring access to health care for millions of Americans, the Budget includes a proposal to extend by an additional six months, through June 2011,

the temporary Federal Medical Assistance Percentage (FMAP) increase provided by the Recovery Act. The extension will result in an additional \$25.5 billion to States for maintaining support for children and families helped by Medicaid.

**Advancing Patient-Centered Health Research:** The Budget includes an additional \$261 million, including program support costs, in the Agency for Healthcare Research and Quality (AHRQ) to support new research projects. This funding will support the generation, translation, and dissemination of research that will improve health care quality and efficiency by providing patients and clinicians with evidence based information to enhance medical decision making. The Budget also continues to support research in this area within NIH. HHS continues to invest the \$1.1 billion for this research provided in FY 2009 to AHRQ, NIH, and the Office of the Secretary by the Recovery Act.

## **PROMOTING PUBLIC HEALTH**

**Transforming Food Safety:** The President is committed to securing our Nation's food supply by transforming and improving our food safety system. The Budget includes \$1.4 billion, an increase of \$327 million or 30 percent, for food safety efforts that will strengthen the ability of the Food and Drug Administration (FDA) and the Centers for Disease Control and Prevention (CDC) to prioritize prevention, strengthen surveillance and enforcement, and improve response and recovery – key priorities of the Food Safety Working Group the President established in March 2009. CDC will improve the speed and accuracy of foodborne disease outbreak detection and investigation. FDA will increase inspections to improve the security of the supply chain and invest in the analytical tools needed to make data-driven decisions about how to best deploy food safety resources to prevent foodborne illnesses.

**Reducing Tobacco Use:** In June 2009, the President signed the Family Smoking Prevention and Control Act, providing FDA with new authorities and responsibilities for regulating tobacco use and establishing the FDA Center for Tobacco Products. The Budget includes \$450 million from user fees to reduce tobacco use in minors by regulating marketing and distribution of tobacco products, promote public health understanding of harmful constituents of tobacco products, and reduce the toll of tobacco-related disease, disability, and mortality. In addition, \$954 million in funding from CDC, the National Institutes of Health (NIH), and the Substance Abuse and Mental Health Services Administration (SAMHSA), will further help reduce smoking among teens and adults and will support research on preventing tobacco use, understanding

the basic science of the consequences of tobacco use, and improving treatments for tobacco-related illnesses.

**Preventing and Treating HIV/AIDS:** The Budget includes more than \$3 billion, an increase of \$70 million, for CDC and the Health Resources and Services Administration (HRSA) to enhance HIV/AIDS prevention, care, and treatment. This increase includes \$31 million for CDC to integrate surveillance and monitoring systems, address high-risk populations, and support HIV/AIDS coordination and service integration with other infectious diseases. This increase also includes \$40 million for HRSA's Ryan White program to expand access to care for underserved populations, provide life saving drugs, and improve the quality of life for people living with HIV/AIDS.

**Prevention:** Reducing the burden of chronic disease, collecting and using health data to inform decision-making and research, and building an interdisciplinary public health workforce are critical components to successful prevention efforts.

The Budget includes \$20 million for a CDC initiative to reduce the rates of morbidity and disability due to chronic disease in up to ten of the largest U.S. cities. These cities will be able to incorporate the lessons learned from implementing evidence-based prevention and wellness strategies of the Recovery Act's Communities Putting Prevention to Work Initiative.

The Budget also includes \$10 million at CDC for a new Health Prevention Corps, which will recruit, train, and assign a cadre of public health professionals in State and local health departments. This program will target disciplines with known shortages such as epidemiology, environmental health, and laboratory science.

The Budget also includes \$162 million for Health Statistics, an increase of \$23 million, to improve CDC's ability to collect data on the health of the Nation for use by policy-makers and Federal, State, and local leaders. This increase will ensure data availability on key national health indicators by supporting electronic birth and death records in States and enhancing national surveys.

**Addressing Autism Spectrum Disorders:** The Budget includes \$222 million, an increase of \$16 million, for Autism Spectrum Disorders (ASD). NIH research will pursue comprehensive and innovative approaches to defining the genetic and environmental factors that contribute to ASD, investigate epigenomic changes in the brain, and accelerate clinical trials of novel pharmacological and behavioral interventions. CDC will expand autism monitoring and surveillance and support an autism awareness

campaign. HRSA will increase resources to support children and families affected by ASD through screening programs and evidence-based interventions.

**Preventing Teen Pregnancy:** The Budget includes \$183 million within the Office of Public Health and Science for teen pregnancy prevention programs. These programs will support State, Tribal, Territory, and community-based efforts to reduce teen pregnancy using evidence-based models and promising programs needing further evaluation. The Budget also includes \$22 million, an increase of \$7 million, for CDC teen pregnancy activities to reduce the number of unintended pregnancies through science based prevention approaches.

**Investing in Drug Demand Reduction:** The Budget invests in innovative approaches to prevent and treat substance abuse. These efforts include \$23 million to implement evidence-based community prevention programs for young people throughout their at-risk years, \$14 million to design and test a community-level early warning system to detect emerging drug threats, and an additional \$13 million to expand the treatment capacity of drug courts.

**Global Health:** The Budget includes \$352 million, an increase of \$16 million, for CDC Global Health Programs to build global public health capacity by strengthening the global public health workforce; integrating maternal, newborn, and child health programs; and improving global access to clean water, sanitation, and hygiene. Additionally, the Budget includes \$6.4 million in the Office of Global Health Affairs (OGHA) to support global health policy leadership and coordination.

**FDA Medical Product Safety Initiative:** The Budget includes \$1.4 billion, an increase of \$101 million, for medical product safety. This increase will enable FDA to invest in tools that will enhance the safety of increasingly complex drugs, medical devices, and biological products. With these additional resources, FDA also will increase inspections to improve the security of the supply chain and reduce the potential for harm.

## **PROTECTING AMERICANS FROM PUBLIC HEALTH THREATS AND TERRORISM**

**Supporting Advanced Development:** The Budget includes \$476 million, an increase of \$136 million, for the Biomedical Advanced Research and Development Authority (BARDA). This funding will sustain the support of next generation countermeasure development in high priority areas including anthrax and acute radiation syndrome by allowing the BioShield Special Reserve Fund to support both procurement activities and

advanced research and development. The increased flexibility will enable BARDA to use Project BioShield to target resources to the most promising countermeasure candidates, whether through advanced development or acquisition.

Protecting Against Pandemic Influenza: Reassortment of avian, swine, and human influenza viruses has led to the emergence of a new strain of H1N1 influenza A virus, 2009 H1N1 flu, that is transmissible among humans. According to the World Health Organization, more than 208 countries and overseas territories have reported cases of 2009 H1N1 infection. CDC estimates that through December 12, 2009, there were approximately 55 million cases of 2009 H1N1 in the United States, resulting in about 246,000 related hospitalizations and about 11,160 related deaths. On June 24, 2009, Congress appropriated \$7.65 billion to HHS for pandemic influenza preparedness and response to 2009 H1N1 flu. HHS has been able to use these resources to support H1N1 preparedness and response in States and hospitals (\$1.44 billion), invest in the H1N1 vaccine production (\$1.6 billion), and conduct domestic and international response activities (\$75 million).

The Budget includes \$302 million for ongoing pandemic influenza preparedness activities at the CDC, NIH, FDA, and the Office of the Secretary for international activities, virus detection, communications, and research. In addition, the use of balances from the June 2009 funds, including approximately \$330 million in FY 2011, will enable HHS to continue advanced development of cell-based and recombinant vaccines, antivirals, respirators, and other activities that will help ensure the Nation's preparedness for future pandemics. Previous pandemic influenza investments enabled the 2009 H1N1 response, including investments that increased the level of domestic vaccine manufacturing capacity, supported the development and procurement of adjuvants and antivirals, provided a new antiviral drug for critically ill patients, and provided experience in vaccine and antiviral stockpiling.

## **IMPROVING THE WELLBEING OF CHILDREN, SENIORS, AND HOUSEHOLDS**

Enhancing Quality Early Care and Education and the Zero to Five Plan: The Budget provides critical support for the President's Zero to Five Plan to enhance quality early care and education for our Nation's children.

The Budget lays the groundwork for a reauthorization of the Child Care and Development Block Grant and entitlement funding for child care. The Budget includes a total of \$6.6 billion for the Child Care and Development Fund (discretionary and

entitlement child care assistance), an increase of \$1.6 billion. These resources will enable 1.6 million children to receive child care assistance in FY 2011 – approximately 235,000 more than could be served in the absence of these additional funds. The Budget will help more low-income families access critical services during this continued time of economic hardship.

The Administration's principles for reform of the Child Care and Development Fund include establishing a high standard of quality across child care settings, expanding professional development opportunities for the child care workforce, and promoting coordination across the spectrum of early childhood education programs. The Administration looks forward to working with Congress to begin crafting a reauthorization proposal that will make needed reforms to ensure that children receive high quality care that meets the diverse needs of families and fosters healthy child development.

Also in support of the President's Zero to Five Plan, the Budget includes \$8.2 billion, an increase of \$989 million, for Head Start to serve an estimated 971,000 children, an increase of approximately 66,500 children over FY 2008. Early Head Start will serve approximately 116,000 infants and toddlers in FY 2011, nearly twice as many as were served in FY 2008. The Budget also includes \$118 million for quality enhancements. Since FY 2008, the Administration has invested almost \$500 million in improving the quality of Head Start programs. Additionally, the Administration plans to implement key provisions of the 2007 Head Start Act that will improve the quality of Head Start programs.

Protecting Access to Foster Care and Adoption Assistance for Vulnerable Children and Youth: To continue to fulfill the President's commitment to improving the development, safety, well-being, and permanency of children and youth in foster care, adoption assistance, and guardianship assistance, the Budget includes a proposal to extend by an additional six months, through June 2011, the temporary FMAP increase for foster care and adoption assistance provided by the Recovery Act. This extension will result in an additional \$237 million over five years to States for maintaining critical services to vulnerable children and youth.

Administration on Aging (AoA) Caregiver Initiative: To enable families to better care for their aging relatives and support seniors trying to remain independent in their communities, the Budget provides \$102.5 million in increased funding for a new Caregiver Initiative at AoA. This funding includes \$50 million for caregiver services, such as counseling, training, and respite care for the families of elderly individuals; \$50 million for transportation, homemaker assistance, adult day care, and personal care

assistance for elderly individuals and their families – supports that can help seniors remain in their homes and relieve burdens on caregivers; and \$2.5 million for respite care for family members of people of all ages with special needs. This funding will support 755,000 caregivers with 12 million hours of respite care and more than 186,000 caregivers with counseling, peer support groups, and training.

**Supporting Low-Income Families:** The Budget includes an extension of the Temporary Assistance for Needy Families (TANF) block grant and related programs, including the Contingency Fund and Supplemental Grants, through FY 2011. The Budget also includes \$500 million for a new Fatherhood, Marriage, and Families Innovation Fund. The fund will provide competitive grants to States to conduct and rigorously evaluate comprehensive responsible fatherhood programs, including those that incorporate healthy marriage components and demonstrations geared towards improving child outcomes by improving outcomes for custodial parents with serious barriers to self sufficiency as a mechanism for improving outcomes for children in these families. The Budget also includes an increase of \$2.5 billion for the TANF Emergency Fund for FY 2011 and makes several program changes focused on strengthening States' efforts to enhance employment related assistance to low-income families.

The Budget includes a one-year, \$669 million extension of the Federal match to States' reinvestment of incentive payments into Child Support Enforcement programs. Without this critical extension of resources, it is estimated that States would reduce program expenditures by 10 percent. The Budget also includes two proposals focused on increasing child support collections and a proposal to expand resources for non-custodial parents' access to and visitation with their children.

**Low Income Home Energy Assistance (LIHEAP):** The Budget proposes a new way to fund LIHEAP to help low income households heat and cool their homes. It provides \$3.3 billion in discretionary funding and an estimated \$2 billion in mandatory funding. Under this proposal, mandatory funds will be released almost immediately in response to changes in energy prices or the number of people living in poverty. The \$2 billion estimate is based on current projections of Supplemental Nutrition Assistance usage and energy prices.

## **INVESTING IN SCIENTIFIC RESEARCH AND DEVELOPMENT**

**Exploring Scientific Opportunities in Biomedical Research:** The Budget includes \$32.2 billion for NIH, an increase of \$1 billion, to support innovative projects from basic to clinical research. This effort will be guided by NIH's five areas of exceptional research

opportunities: supporting genomics and other high throughput technologies; translating basic science into new and better treatments; reinvigorating the biomedical research community; using science to enable health care reform; and focusing on global health. The Administration interest for the high-priority areas of cancer and autism fits well into these five NIH theme areas. In FY 2011, NIH estimates it will support a total of 37,001 research project grants, including 9,052 new and competing awards.

The additional \$1 billion will enable NIH to capitalize upon recent successful investments in biomedical research, such as the Human Genome Project, that have provided a powerful foundation for a deeper level of understanding human biology and have opened another window into the causes of disease. New partnerships between academia and industry are working to revitalize the drug development pipeline. An era of personalized medicine is emerging where prevention, diagnosis, and treatment of disease can be tailored to an individual rather than using the one-size-fits-all approach that all too often falls short, wasting health care resources and potentially subjecting patients to unnecessary and dangerous medical treatments and diagnostic procedures.

Investing in FDA's Scientific Infrastructure: The Budget includes \$25 million for advancing regulatory science at FDA. This initiative builds on the President's commitment to harness the power of science for America's benefit and includes \$15 million for nanotechnology related research, which holds great promise for advances in medical products and cosmetics. The additional resources will also enable FDA to update review standards and provide regulatory pathways for new technologies, such as biosimilars.

###

The Health Resources and Services Administration (HRSA), part of the U. S. Department of Health and Human Services, is the primary Federal agency for improving access to health care services for people who are uninsured, isolated, or medically vulnerable. For more information about HRSA and its programs, visit [www.hrsa.gov](http://www.hrsa.gov).